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Viewing cable 09PANAMA701, MARTINELLI: PRESIDENTIALISM OR POPULISM?

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Reference ID	Created	Released	Classification	Origin
09PANAMA701	2009-09-18 19:46	2011-08-30 01:44	SECRET//NOFORN	Embassy Panama

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E.O. 12958: DECL: 09/01/2029

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SUBJECT: MARTINELLI: PRESIDENTIALISM OR POPULISM?

REF: A. A. PANAMA 657

[1](#)B. B. PANAMA 639

[1](#)C. C. PANAMA 692

Classified By: Ambassador Barbara J. Stephenson for reasons 1.4 (b) and (d)

Summary

[1](#)1. (S//NF) President Ricardo Martinelli has begun his five year term by energetically taking on a number of vested interests, from powerful local businessmen perceived to be abusing state concessions, to major international businesses (ref A), civil society leaders, and officials of the former governing Revolutionary Democratic Party (PRD). To do so, he has exercised the wide powers available to him as president, in addition to influencing other state institutions such as the Supreme Court, the National Assembly, the Attorney General's office, and the press. Martinelli's power over these nominally independent institutions is based on the preponderant power the Presidency has in the Panamanian political system, his expansive view of his authority, and his powerful personality. While many of Martinelli's moves have been met with widespread public support, this extreme concentration of power in the hands of one man, together with Martinelli's attempt to push the Embassy into illegal activities (ref B) and reports of his intimidation of judicial authorities (ref C), are cause for concern over the stability of Panama's democratic institutions in the medium term. End Summary.

Firmness, Not Finesse

[1](#)2. (C//NF) In his inauguration day address on July 1, Martinelli made plain what his governing style would be; his promise to govern "with firmness, but not finesse" (con firmeza pero sin fineza) indicated that he would govern with a strong hand, but without "excessive" concern for "legalisms." Almost immediately after assuming power, Martinelli personally led a group of ministers and police to seize a controversial land-fill from businessman Jean Figali. Figali was a perfect foil, having long been pilloried in the press for violating zoning laws, benefiting excessively from government concessions, and using political connections to circumvent regulations. Martinelli then began a campaign against other businessmen, companies and international investors who had benefited from government concessions of land and installations, ostensibly demanding that they pay a higher tax rate, and accusing them of using government connections to get sweetheart deals. Among his targets have been major U.S. investors AES and MIT (ref A).

Widely Popular

[1](#)3. (C//NF) Martinelli is still in his honeymoon period. Despite the concern expressed by some international investors, Martinelli's moves have been met with public support, currently at 72% (not as high as Martin Torrijos' 80% approval rating at this point in his presidency, but still very high). The press has also served more as a cheerleader than as a watchdog. Fernando Berguido, Executive Director of the paper of record La Prensa, told the Ambassador August 25 that he thought Martinelli was finally standing up to the vested interests. Asked what steps the Embassy might take with new "democracy and governance" funding to strengthen the independence of the judiciary, Berguido, also head of Transparency International Panama, suggested only that the Ambassador appeal to Martinelli

personally to keep honest justices and not appoint corrupt ones. Berguido also acknowledged that Martinelli had personally leaked documents to him that the paper had used to run an expose on corruption by Ernesto Perez Balladares, former president of Panama and currently campaigning to reclaim the leadership of the Revolutionary Democratic Party (PRD).

National Assembly - Don't Look at Us!

¶4. (C//NF) During a series of lunches with National Assembly Deputies from Martinelli's Democratic Change Party (CD) and the allied Panamenista Party, several leading deputies expressed their support for Martinelli, but also highlighted the constitutional weakness of the Legislative Branch compared with the Executive. Panamenista Deputy and Party Vice President Alcibiades Vasquez told the DCM August 27 that the National Assembly was not an independent institution, citing its lack of a stand alone budget, and the Executive's control over discretionary funding. Deputies need to carry out social programs in their districts. Several deputies expressed anger over the disrespectful way Minister of Government and Justice Jose Raul Mulino had behaved in presenting a bill to be rubber-stamped. Mulino berated a Panamenista Deputy and demanded that the Assembly pass the law immediately without debate. Panamenista Deputy Jose Blandon told emboffs that members of the government did not know how the Assembly worked, and thus made unreasonable demands on the pro-government block.

¶5. (C//NF) National Assembly President Jose Luis (Popi) Varela told the emboffs that Martinelli had ordered him to appoint Rafael Barcenas to the Panama Canal Administration Board, a designation that belonged to the National Assembly. Varela protested and argued that the President would have three seats to appoint in January. According to Varela, Martinelli said, "No, no, I have decided, and it has to be Barcenas. Maybe I will name your candidate with one of my nominations." Varela noted that after the Assembly voted as instructed, Barcenas publicly thanked the President, and not the Assembly or Varela, for appointing him. Deputies from every party have told us that actions such as this were a humiliation for the Assembly, and left it "naked" to public scorn.

¶6. (C//NF) CD Whip, Jose Munoz told emboffs that Martinelli himself was incorruptible, but that it was possible his ministers could be corrupted. He expressed his belief that in such a case, Martinelli would immediately fire the official. Munoz and fellow CD deputies fully supported the government's agenda. They argued that the heavy pressure on the large corporations was an attempt to correct the entire culture of evasion in Panama, by convincing average Panamanians that they were not the only ones who would have to pay taxes or obey the rules. They all noted, however, that the Assembly is too weak to oppose Martinelli. Munoz indicated he did not like the names circulating for Supreme Court nominees, but noted there was nothing he could do to stop them. The deputies were very supportive of efforts to prosecute corrupt members of the former PRD government, but Munoz noted that it would be very dangerous to Panamanian democracy for Martinelli to find himself without a strong opposition.

Comment: No Controls On Power

¶7. (S//NF) Panama clearly has a very Presidentialist government. The National Assembly has no independent budget, no power to initiate budget bills, and no ability to modify executive branch budget proposals. The Deputies are viewed as service providers by their constituents, and rely on the executive for funds. The Supreme Court and the A/G's office also depend on the Executive for their budgets, and pay a price for alienating a powerful president. Ultimately, the president names Supreme Court magistrates, giving him the

ability to put his close allies into those jobs. But Martinelli's power at this time goes beyond even this wide constitutional mandate. Martinelli seems to be in permanent campaign mode, constantly opening new fronts of battle in a popular campaign against interests that are widely seen as having benefited from special treatment by the government for years. Martinelli's strong personality, his lack of commitment to "rule of law," the hyper-powerful presidency, and the high approval ratings may well end up combining to erode Panama's democratic institutions.

18. (S//NF) Given the strategic importance of the Panama-U.S. relationship, Post believes it is necessary to avoid an over-identification with Martinelli and make clear our support for Panama's democratic institutions as a whole. Without weakening our cooperation with the GOP on our common agenda, the Embassy is also making a point of meeting with opposition political figures, supporting calls for strengthening judicial independence, and highlighting our work with civil society groups. Our message to our local contacts will be that the USG supports the strengthening of Panama's democratic institutions, to ensure its ability to become a first world country, which is the consensus development goal for Panama.

STEPHENSON